



THE STRONGEST LINK.

**STAHL**

# Leader in Explosion Protection

Equity Story November 2017

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## **Rounding differences and rates of change**

Percentages and figures may include rounding differences. The signs used to indicate rates of change are based on economic aspects: Improvements are indicated by a “+” sign, deteriorations by a “-” sign. Rates of change >+100% are shown as >+100%, rates of change <-100% as “n/a” (not applicable).

# Agenda

<b>1</b>	<b>R. STAHL – No. 1 in Explosion Protection</b>
<b>2</b>	<b>Market Characteristics and Financials</b>
<b>3</b>	<b>Outlook</b>
<b>4</b>	<b>Appendix</b>

# Explosions Occur When Combustible Substances, Oxygen and an Ignition Source Come Together

## Basic principle of explosions

### 1. Combustible substances

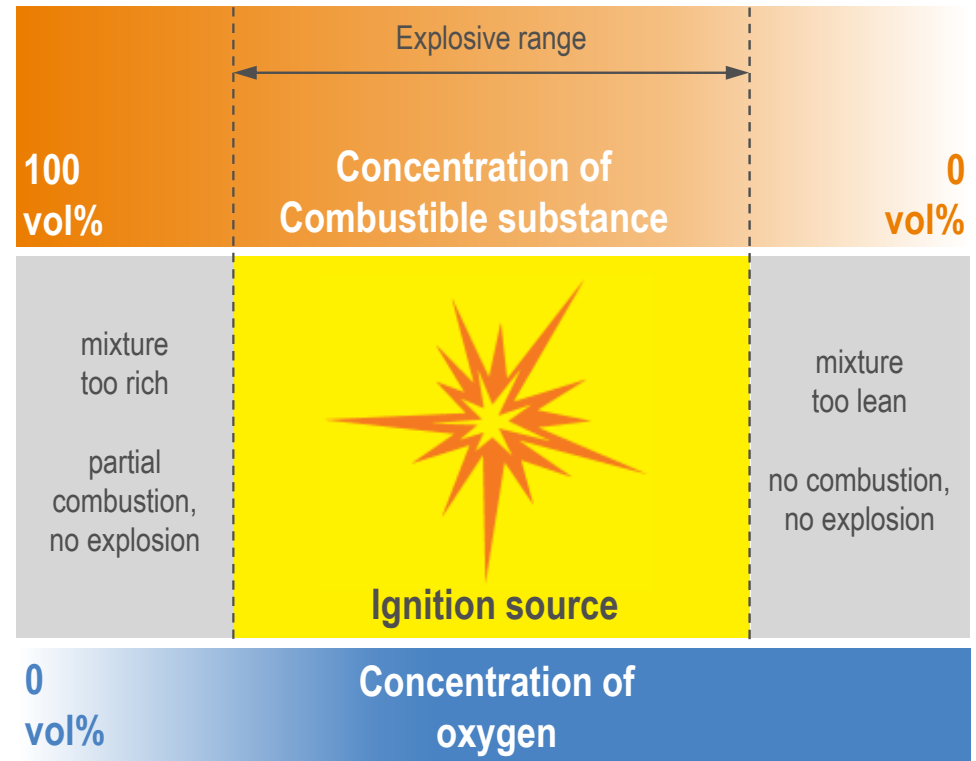
- Gases (e. g. natural gas, hydrogen etc.)
- Liquids (e. g. gasoline, alcohol, solvents etc.)
- Dispersed solids (e. g. sawdust, sugar, metal powder etc.)

### 2. Ignition Source

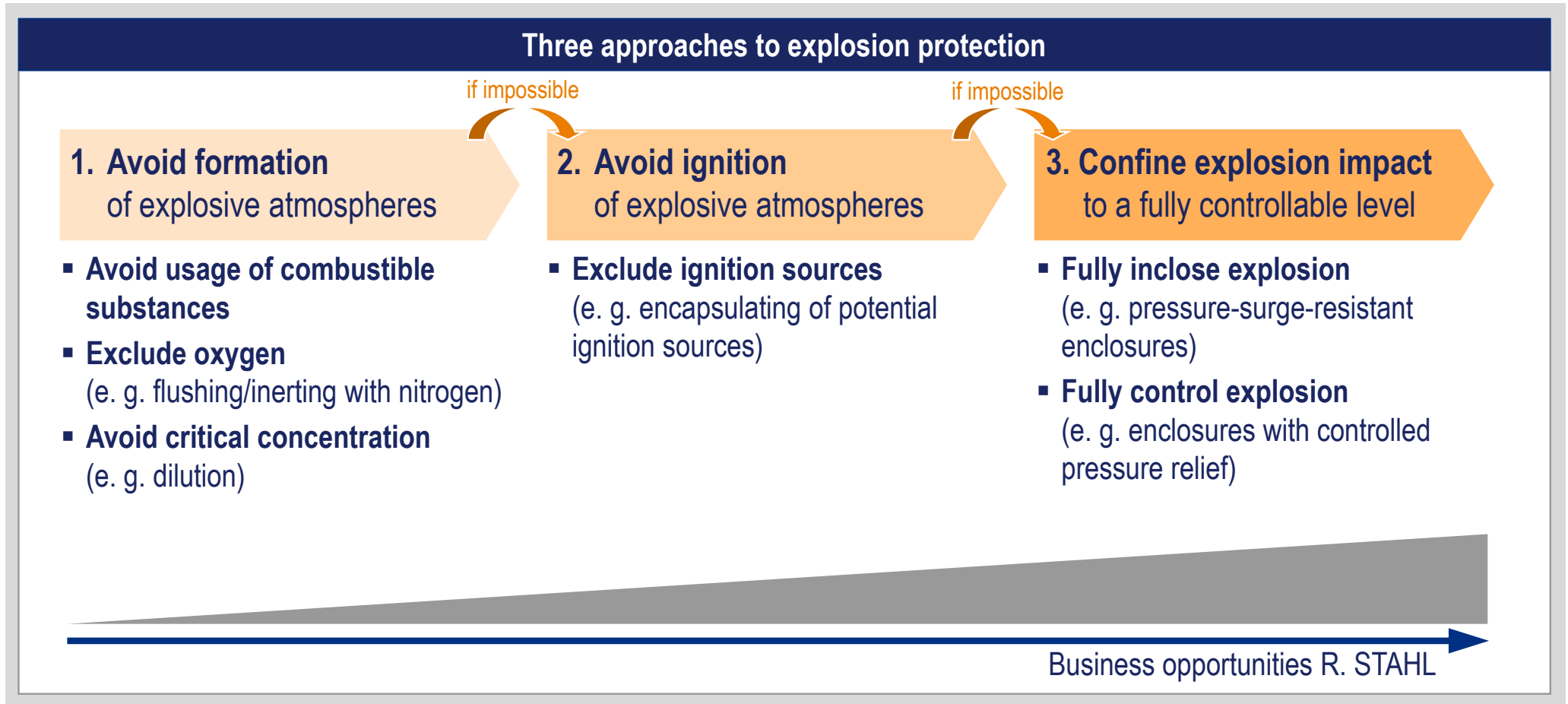
- Hot surfaces/gases
- Flames
- Sparks
- Adiabatic compression
- Chemical reactions

### 3. Oxygen

- Air

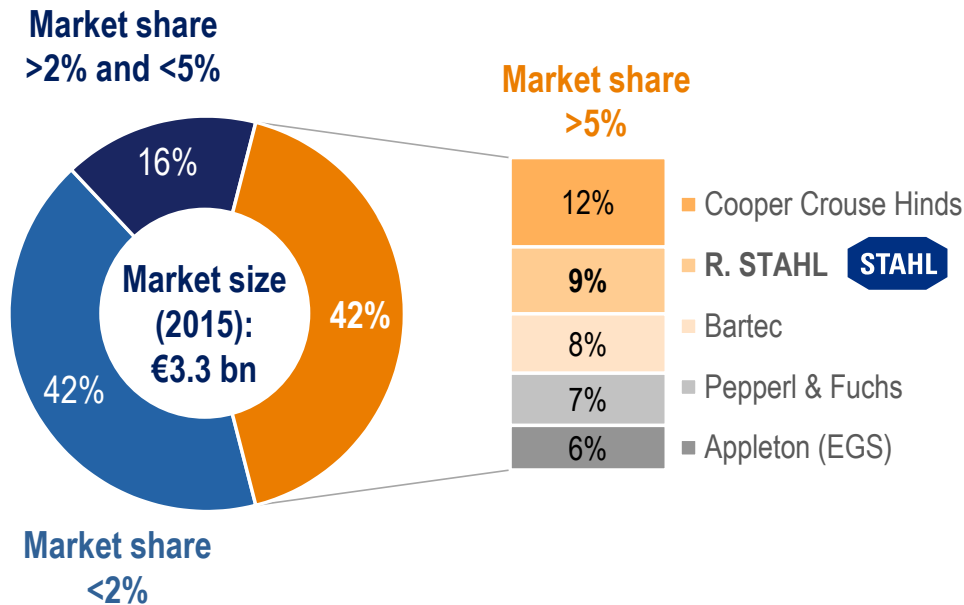


# Explosion Protection Is Based on Avoiding Formation or Ignition of Explosive Atmospheres or on Confining Explosion Impact



# R. STAHL Is a Global Leader in the Highly Fragmented Market for Explosion Protected Products and Solutions

## Competitive landscape (World)



Source: Company estimates, based on product portfolio of R. STAHL

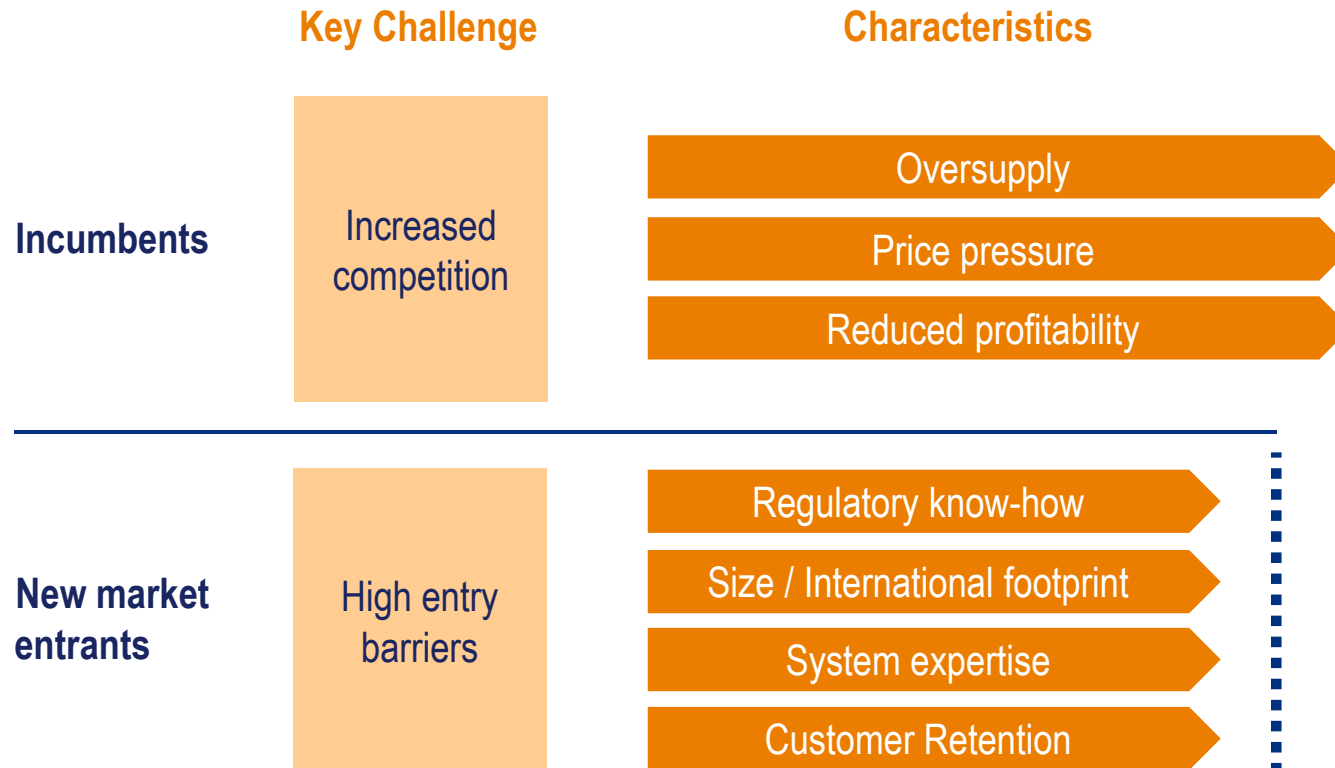
## R. STAHL's key strengths



- #1 in Europe, #2 in the global IECEx/ATEX market
- Superior product quality
- Strong brand reputation
- Customer proximity
- Broadest product portfolio in the industry
- Unparalleled strength and market position in complex integrated systems solutions
- International presence in all key markets and regions
- Innovation leadership

# Today's Explosion Protection Market Provides Challenges for Both Incumbents and New Players

## Challenges of the explosion protection market



### Explosion protection market





# Our Strong Market Position Is Based on a Comprehensive Portfolio of Leading Products and Solutions

## R. STAHL The Strongest Link

### Automation



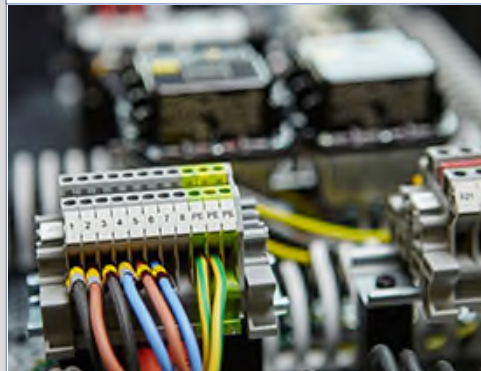
- Bus technology
- Network technology
- Human machine interfaces

### Installation & Control



- Enclosures
- Connectors
- Junction and control boxes

### Systems & Integrated Solutions



- Machine control
- Light and heat distribution systems
- Battery boxes

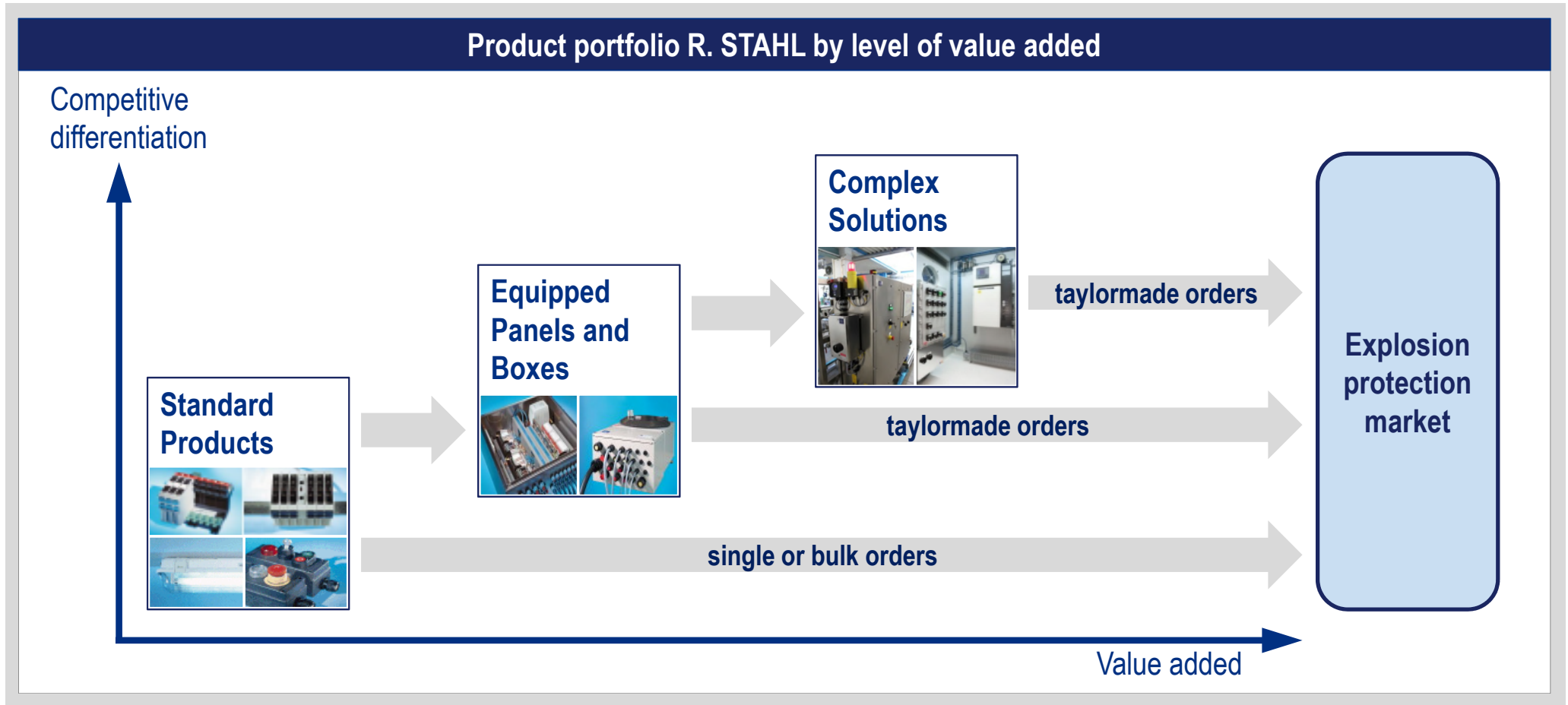
### Lighting & Signaling



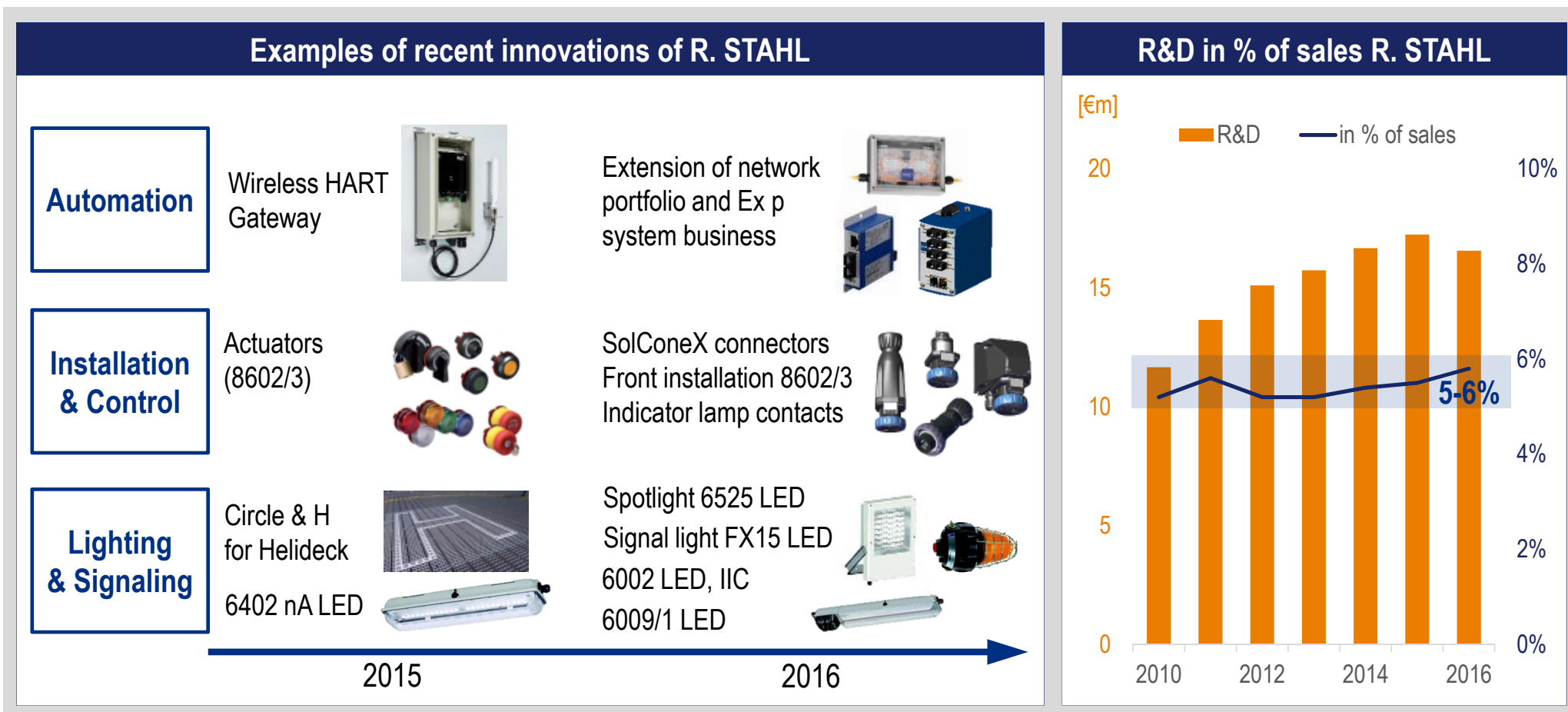
- Lighting solutions
- No. 1 in LED technology
- Optical & acoustic signal devices



# Our Portfolio Covers a Wide Range of Differentiated Products – from Standards to Highly Complex Solutions

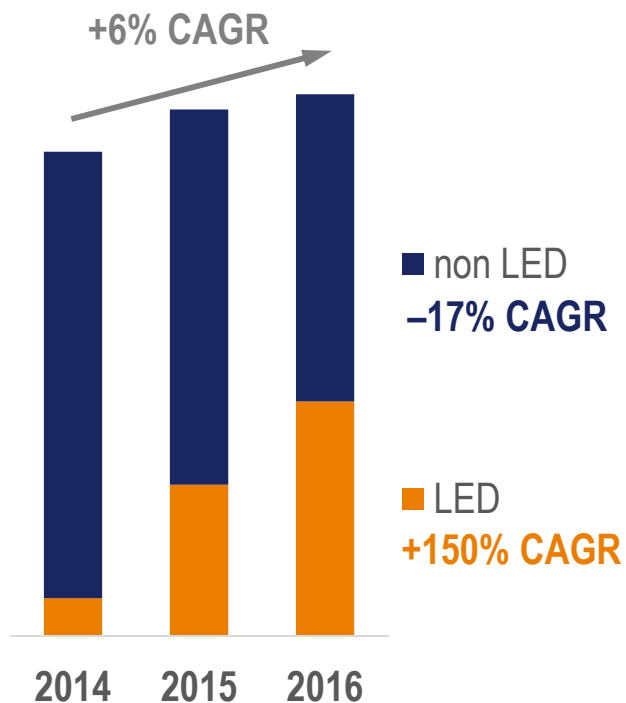


# Innovations Play a Major Role to Keep Our Market Leading Position



# We Offer the Broadest Portfolio and Most Innovative LED Light Fittings for Explosion Protected Areas

## Sales growth of R. STAHL LED lights



## Features of LED lights vs. traditional lights

### Advantages LED vs. traditional lights

- Lower energy consumption
- Higher switching cycles
- Reduced maintenance

### Customer benefit

- Lower operating and maintenance costs

### Additional benefits from R. STAHL

- Longer lifetime
- Further reduced maintenance



# R. STAHL Automation: State-of-the-Art Solutions to Address the Megatrend Industry 4.0

## Sales growth R. STAHL Automation



## Features of R. STAHL Automation solutions (here: Remote I/O system IS1+)

### Market leading remote I/O system

- Quality
- Reliability
- Modularity
- Flexibility
- Fully Downward compatibility

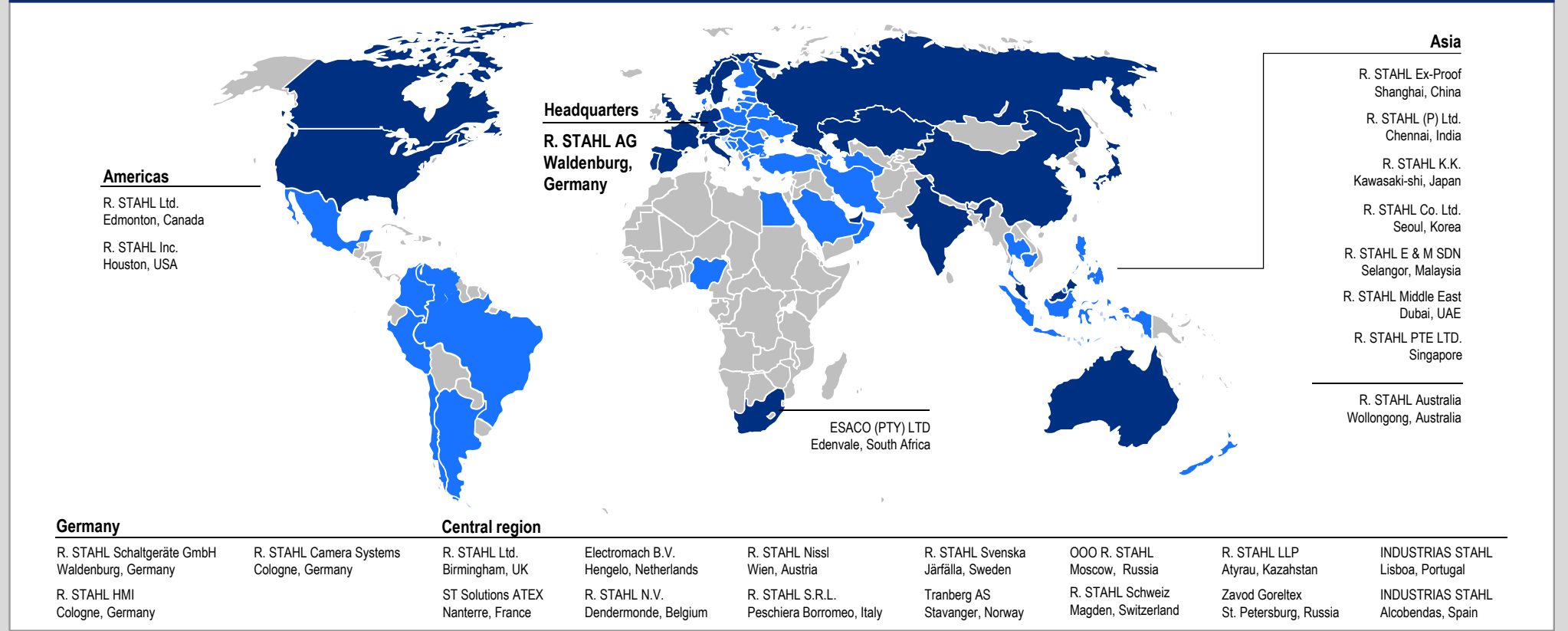
### Customer benefit

- Reduced installation costs
- Lower operating and maintenance costs



# We Have Established a Strong International Sales Presence to Serve Our Global Customers

## Legal entities and subsidiaries R. STAHL



# Our Seven Production Sites Are Located in All Key Regions

## Production sites R. STAHL

Germany: Cologne, Waldenburg, Weimar



Norway: Stavanger



USA: Houston



Netherlands: Hengelo



India: Chennai



# Agenda

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**R. STAHL – No. 1 in Explosion Protection**

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# We Generate ~40% of Our Sales with Customers from the Oil & Gas Sector

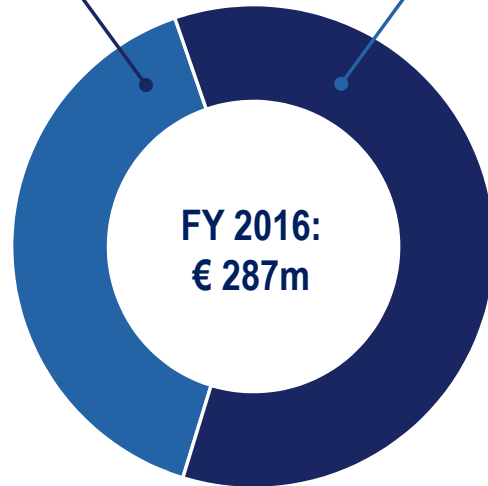
## Sales of R. STAHL by industry

~40% Oil & Gas

Upstream



Downstream



~60% Others

Chemicals



Pharmaceuticals



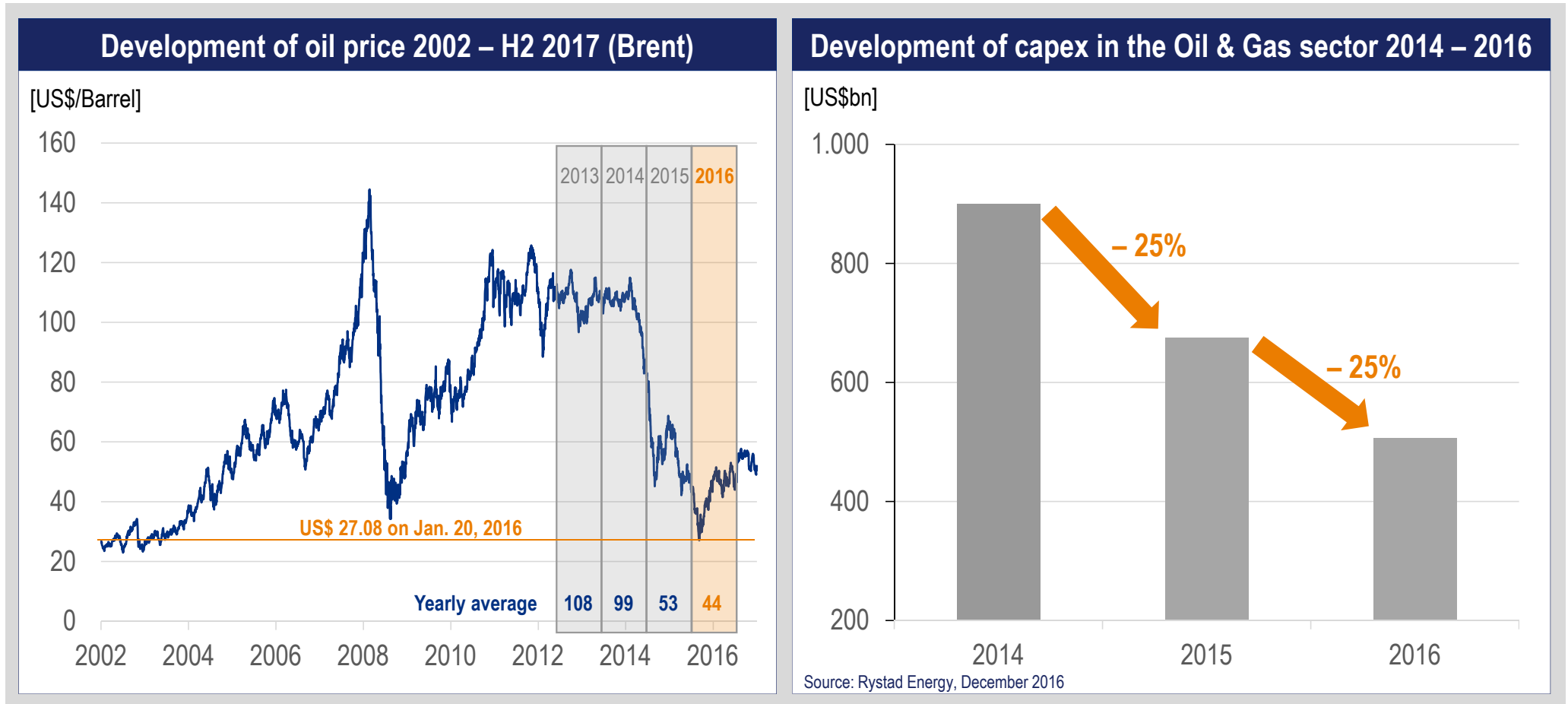
Shipbuilding



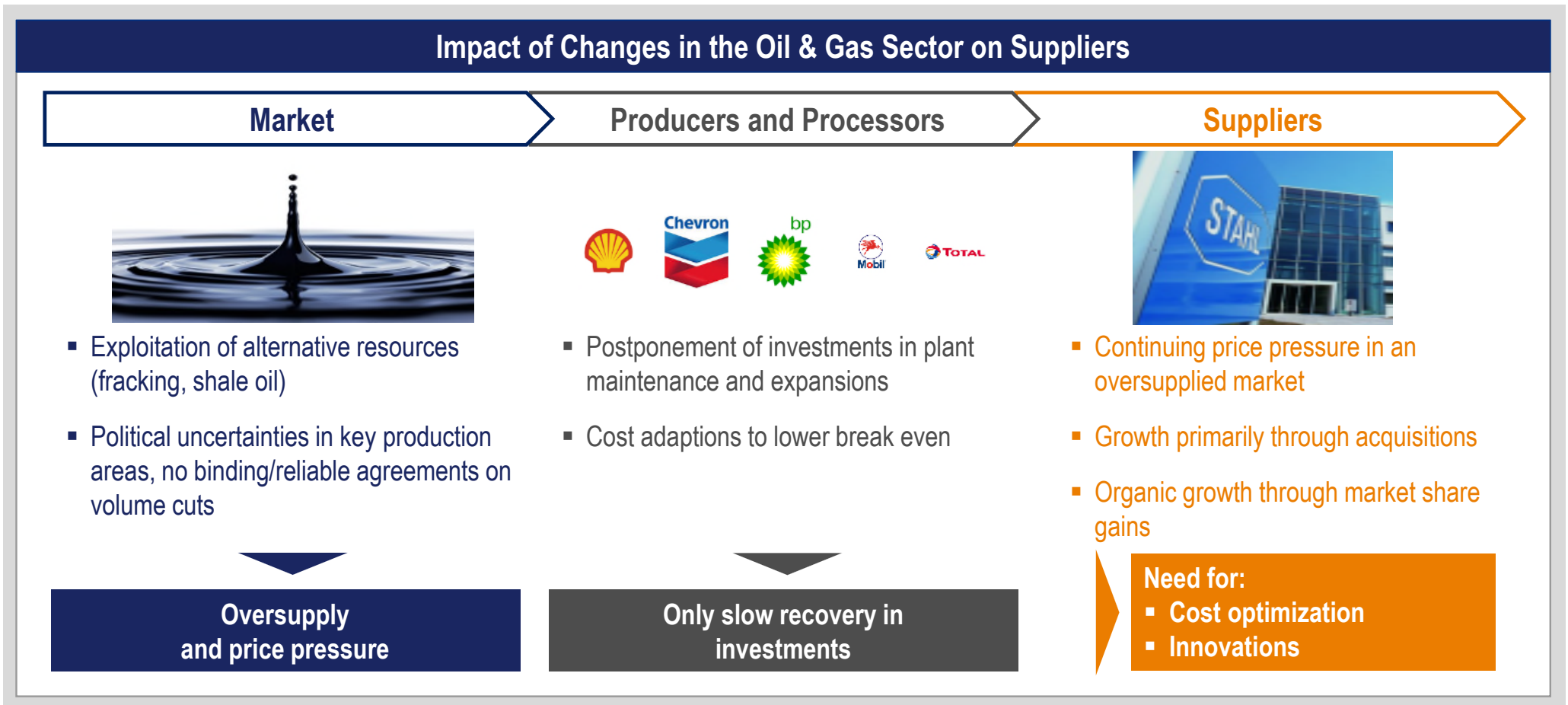
Food & Beverage, Miscellaneous



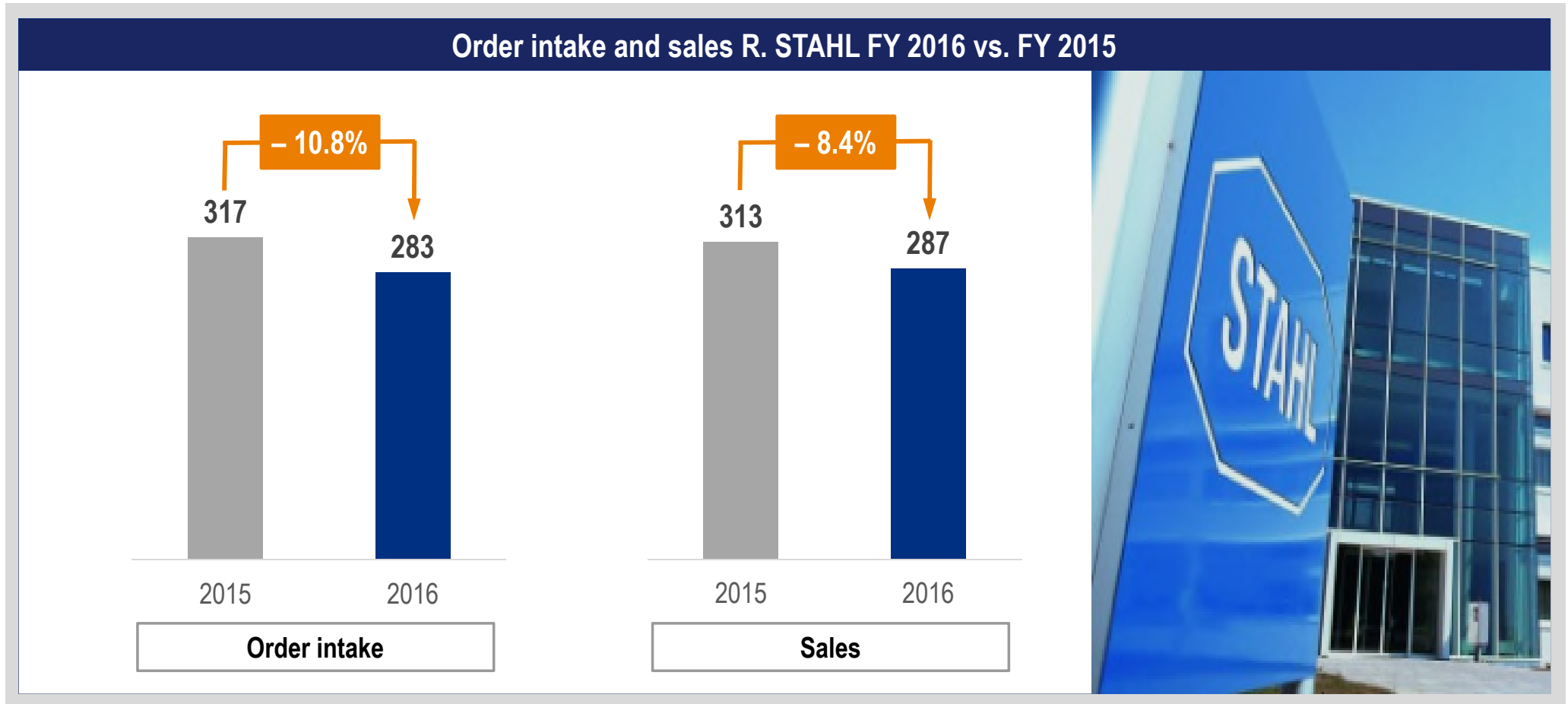
# The Dropping Oil Price Forced Customers from the Oil & Gas Sector to Reduce Capex Significantly



# As a Result of Recent Market Dynamics, Producers and Suppliers of the Oil & Gas Sector Are Facing Fundamental Challenges

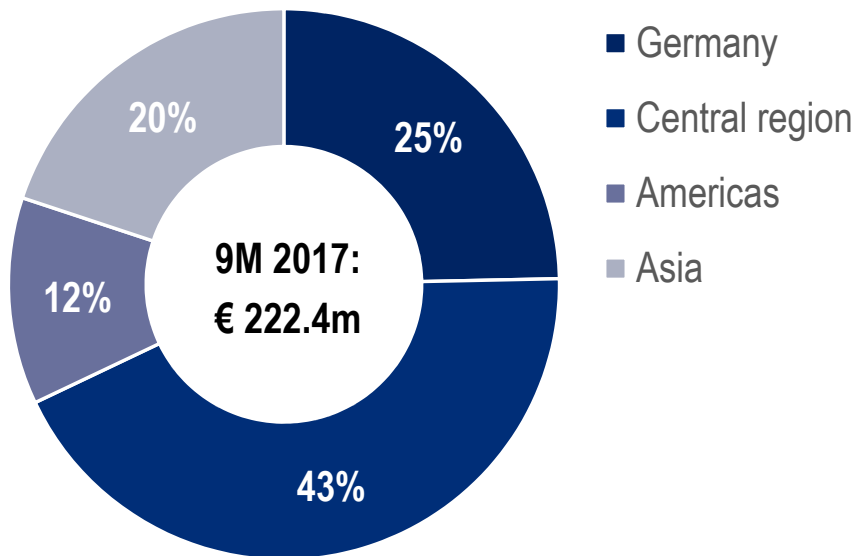


## Also R. STAHL Is Hit Hard by the Changed Market Conditions



# Order Intake in 9M 2017 up 3% Driven by Double Digit Growth in Germany

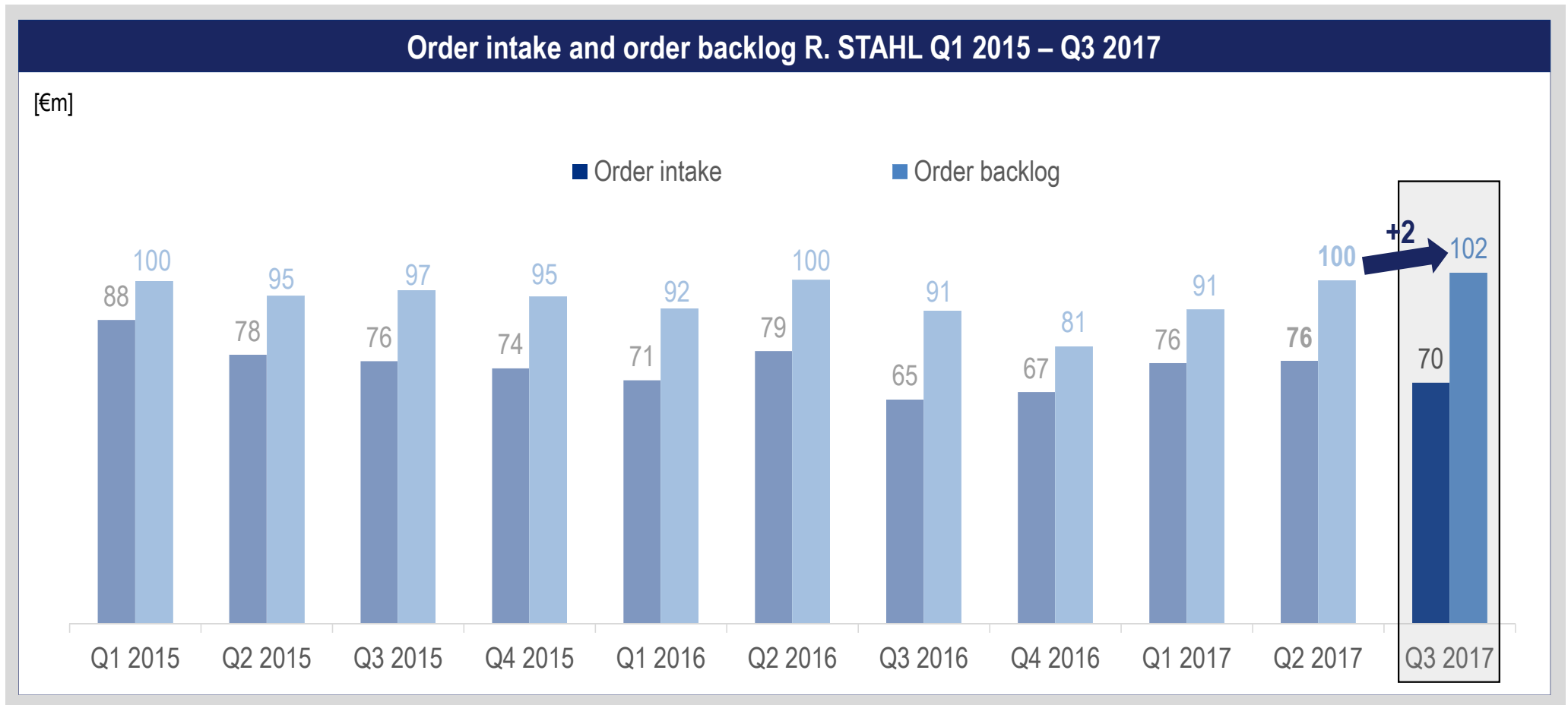
Order intake R. STAHL 9M 2017 vs. 9M 2016 by region



€m	Q3 2017	Q3 2016	Change
Germany	54.9	46.6	+17.7%
Central region*	96.2	99.9	-3.7%
Americas	27.0	25.6	+5.7%
Asia	44.3	43.3	+2.2%
<b>Total</b>	<b>222.4</b>	<b>215.5</b>	<b>+3.2%</b>

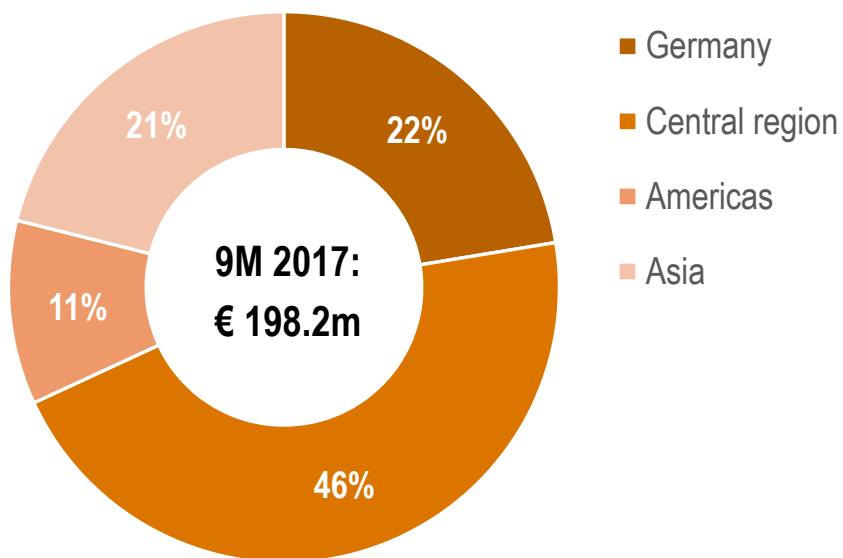
\* Central region: Africa and Europe without Germany

# Solid Order Intake in Q3 2017 Led to a Strong Order Backlog, but Order Lead Time Increased Also



# Sales Drop by 7% in 9M 2017 Due to Declines in the Central Region and the Americas

Sales R. STAHL 9M 2017 vs. 9M 2016 by region



€m	Q3 2017	Q3 2016	Change
Germany	44.4	46.6	-4.7%
Central region*	90.6	97.8	-7.5%
Americas	21.4	27.1	-21.0%
Asia	41.8	41.7	+0.4%
<b>Total</b>	<b>198.2</b>	<b>213.3</b>	<b>-7.1%</b>

\* Central region: Africa and Europe without Germany



# Declining Sales in 9M 2017 Only Partially Balanced by Lower Costs, High Cost Base and Exceptionals Weigh on Profitability

Key data of P&L statement 9M 2017				Key messages
€m	9M 2017	9M 2016	Change	
<b>Sales</b>	<b>198.2</b>	<b>213.3</b>	<b>- 7.1%</b>	<ul style="list-style-type: none"> <li>▪ Lower sales only partially balanced by declining cost of materials</li> <li>▪ Personnel costs include € 1.8m of restructuring charges</li> <li>▪ Financial result improved by € 0.8m, benefitting from earnings contributions from at-equity interests</li> </ul>
Cost of materials	-74.0	- 76.4	+3.2%	
Personnel costs	-93.5	-90.4	-3.5%	
<b>EBIT</b>	<b>-8.5</b>	<b>6.7</b>	<b>n/a</b>	
<b>EBIT pre*</b>	<b>-5.2</b>	<b>6.1</b>	<b>n/a</b>	
Financial result	-1.4	-2.2	+35.3%	
<b>EBT</b>	<b>-9.9</b>	<b>4.5</b>	<b>n/a</b>	
Taxes	2.3	-1.5	n/a	
<i>Tax rate</i>	23.2%	34.2%		
<b>Net profit</b>	<b>-7.6</b>	<b>3.0</b>	<b>n/a</b>	
Earnings per share in €	-1.18	0.45	n/a	

\* EBIT pre: EBIT pre exceptionals (non-scheduled depreciation, impairment reversals, proceeds from the sale of non-current assets, restructuring charges, costs from portfolio activities)

## 9M 2017 with Exceptionals of € 3.2 Million, Mainly Included in Personnel Costs

Reconciliation of EBIT to EBIT pre exceptionals in 9M 2017				Exceptionals 9M 2017
€m Line item in income statement	reported	thereof exceptionals	pre exceptionals	
Change in finished and unfinished products	1.0	- 0.8		<ul style="list-style-type: none"> <li>Other operating income and expenses: Impairments of receivables and payments on previously impaired receivables</li> </ul>
Other operating income	6.0	1.0		
Other operating expenses	- 40.4	- 1.7		
Personnel costs	- 93.5	- 1.8		
<b>EBIT</b>	<b>- 8.5</b>	<b>- 3.2</b>	<b>- 5.2</b>	

\* Exceptionals (non-scheduled depreciation, impairment reversals, proceeds from the sale of non-current assets, restructuring charges, costs from portfolio activities)

# Healthy Free Cash Flow as a Result of Effective Working Capital Management

Key data of cash flow statement 9M 2017				Key messages
[€m]	9M 2017	9M 2016	Change	
<b>Net profit</b>	-7.6	3.0	-10.6	<ul style="list-style-type: none"> <li>▪ Cash flow down in line with declining profit</li> <li>▪ Changes in working capital driven by cash collection on receivables as well as an increase in payables</li> </ul>
Depreciation, amortization and impairment of non-current assets	9.2	9.4	-0.1	
Result from the disposal of non-current assets	0.0	-0.1	+0.1	
<b>Cash flow</b>	-0.9	11.2	-12.1	
Changes in working capital	17.6	-6.1	+23.7	
<b>Cash flow from operating activities</b>	16.7	5.1	+11.6	
Cash flow from investing activities	-8.7	-7.7	-1.0	
<b>Free cash flow</b>	8.0	-2.6	+10.6	

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**Market Characteristics and Financials**

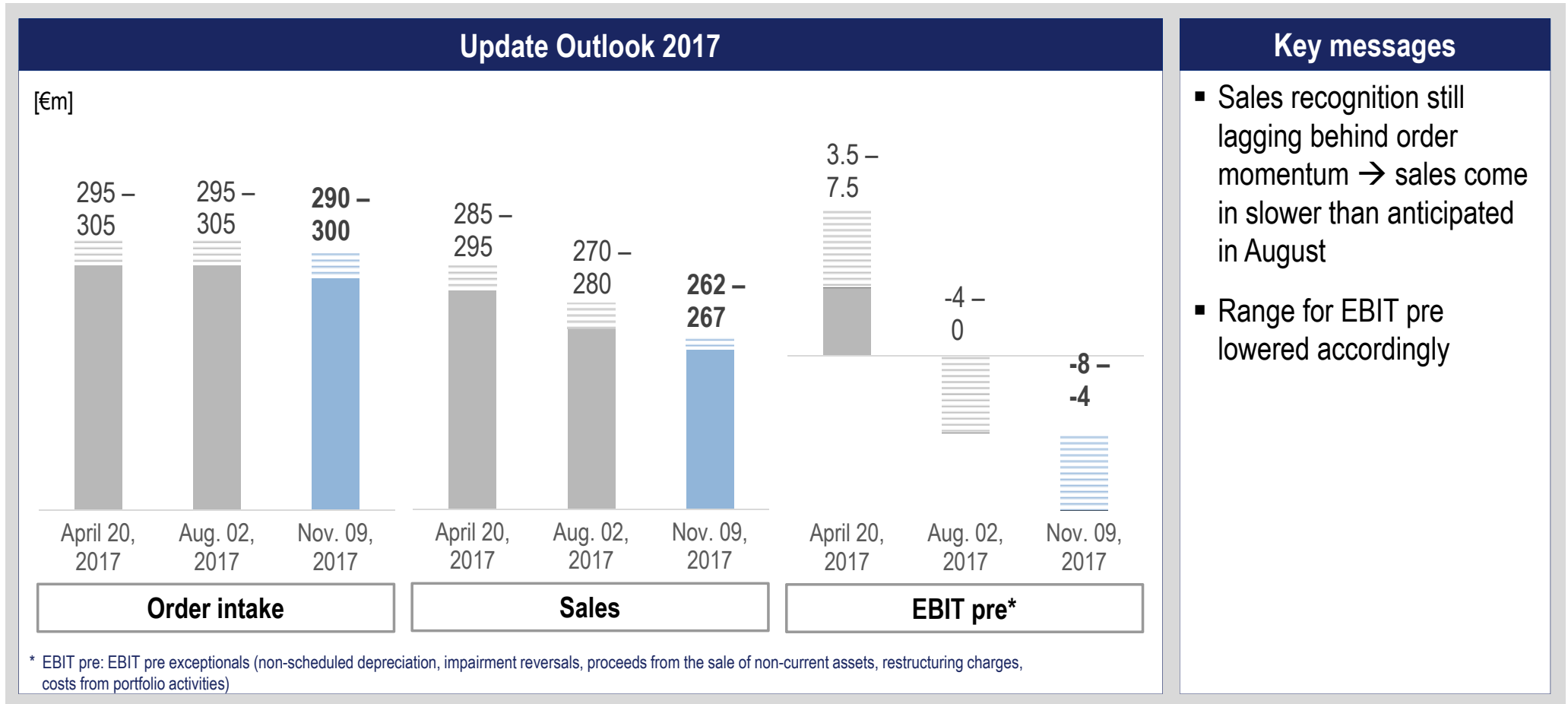
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# Update of Outlook 2017 Underpins Solid Demand While Longer Order Lead Times Weigh on Sales and Earnings



## Key messages

- Sales recognition still lagging behind order momentum → sales come in slower than anticipated in August
- Range for EBIT pre lowered accordingly

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# Income Statement R. STAHL Q3 2017

€ 000	Q3 2017	Q3 2016	Change	9M 2017	9M 2016	Change
<b>Sales</b>	<b>65,979</b>	<b>70,795</b>	<b>-6.8%</b>	<b>198,235</b>	<b>213,310</b>	<b>-7.1%</b>
Change in finished and unfinished products	132	-532	n/a	1,047	1,155	-9.4%
Other own work capitalized	1,096	1,169	-6.2%	3,424	3,277	+4.5%
<b>Total operating performance</b>	<b>67,207</b>	<b>71,432</b>	<b>-5.9%</b>	<b>202,706</b>	<b>217,742</b>	<b>-6.9%</b>
Other operating income	1,935	1,380	+40.2%	5,956	6,345	-6.1%
Cost of materials	-25,366	-26,344	+3.7%	-73,968	-76,431	+3.2%
Personnel costs	-29,325	-28,864	-1.6%	-93,535	-90,407	-3.5%
Depreciation and amortization	-3,063	-3,161	+3.1%	-9,225	-9,374	+1.6%
Other operating expenses	-12,566	-12,989	+3.3%	-40,403	-41,145	+1.8%
<b>EBIT</b>	<b>-1,178</b>	<b>1,454</b>	<b>n/a</b>	<b>-8,469</b>	<b>6,730</b>	<b>n/a</b>
Result from companies consolidated at-equity	205	0	n/a	702	0	n/a
Other financial result	-807	-801	-0.7%	-2,142	-2,225	+3.7%
Financial result	-602	-801	-24.8%	-1,440	-2,225	+35.3%
<b>EBT</b>	<b>-1,780</b>	<b>653</b>	<b>n/a</b>	<b>-9,909</b>	<b>4,505</b>	<b>n/a</b>
Income taxes	237	-269	n/a	2,298	-1,539	n/a
<b>Net profit</b>	<b>-1,543</b>	<b>384</b>	<b>n/a</b>	<b>-7,611</b>	<b>2,966</b>	<b>n/a</b>
Non-controlling interests	-22	-3	>-100	-15	58	n/a
Profit share of R. STAHL	-1,521	387	n/a	-7,596	2,908	n/a
<b>EPS (€)</b>	<b>-0.24</b>	<b>0.06</b>	<b>n/a</b>	<b>-1.18</b>	<b>0.45</b>	<b>n/a</b>



## Exceptional Items R. STAHL Q3 2017

€m	reported in income statement	Q3 2017	Q3 2016	9M 2017	9M 2016
<b>EBIT</b>		-1.2	1.5	-8.5	6.7
<b>Exceptionals*</b>		-1.0	0.3	-3.2	0.6
Impairment of inventories	Change in finished and unfinished products	-0.1	0.0	-0.8	0.0
Payments received for impaired receivables	Other operating income	0.4	0.4	1.0	1.7
Impairment of receivables	Other operating expenses	-0.3	-0.1	-1.4	-1.0
Transaction costs	Other operating expenses	-0.3	0	-0.3	0
Restructuring charges	Personnel expenses	-0.7	0	-1.8	-0.2
<b>EBIT pre exceptionals</b>		<b>-0.2</b>	<b>2.2</b>	<b>-5.2</b>	<b>6.1</b>

\* Exceptionals: non-scheduled depreciation, impairment reversals, proceeds from the sale of non-current assets, restructuring charges, costs from portfolio activities

## Balance Sheet R. STAHL Q3 2017 – Assets

€ 000	Sep. 30, 2017	Dec. 31, 2016	Change	Sep. 30, 2016	Change
<b>Non-current assets</b>					
Intangible assets	41,823	40,397	+1,426	40,719	+1,104
Property, plant & equipment	58,332	62,371	-4,039	65,543	-7,211
Investments in associated companies	7,475	7,097	+378	0	+7,475
Other financial assets	108	110	-2	127	-19
Other assets	1,101	1,293	-192	1,527	-426
Real estate held as a financial investment	7,451	7,666	-215	7,738	-287
Deferred taxes	22,388	20,714	+1,674	23,224	-836
	<b>138,678</b>	<b>139,648</b>	<b>-970</b>	<b>138,878</b>	<b>-200</b>
<b>Current assets</b>					
Inventories and prepayments made	51,732	50,883	+849	59,701	-7,969
Trade receivables	48,070	60,190	-12,120	69,437	-21,367
Income tax claims	2,220	3,084	-864	1,320	+900
Other receivables and other assets	9,858	8,642	+1,216	6,834	+3,024
Cash and cash equivalents	17,351	16,168	+1,183	14,320	+3,031
	<b>129,231</b>	<b>138,967</b>	<b>-9,736</b>	<b>151,612</b>	<b>-22,381</b>
<b>Total assets</b>	<b>267,909</b>	<b>278,615</b>	<b>-10,706</b>	<b>290,490</b>	<b>-22,581</b>

## Balance Sheet R. STAHL Q3 2017 – Equity and Liabilities

€ 000	Sep. 30, 2017	Dec. 31, 2016	Change	Sep. 30, 2016	Change
<b>Equity</b>	<b>84,355</b>	<b>94,765</b>	<b>-10,410</b>	<b>87,229</b>	<b>-2,874</b>
<b>Non-current liabilities</b>					
Pension provisions	92,051	96,683	-4,632	103,897	-11,846
Other provisions	1,825	1,926	-101	1,756	+69
Interest-bearing financial liabilities	8,531	10,370	-1,839	18,564	-10,033
Other liabilities	390	454	-64	371	+19
Deferred taxes	3,644	3,463	+181	3,675	-31
	<b>106,441</b>	<b>112,896</b>	<b>-6,455</b>	<b>128,263</b>	<b>-21,822</b>
<b>Current liabilities</b>					
Provisions	6,418	6,298	+120	6,099	+319
Trade payables	16,879	13,403	+3,476	13,662	+3,217
Interest-bearing financial liabilities	27,209	27,616	-407	20,496	+6,713
Deferred liabilities	15,539	11,609	+3,930	16,311	-772
Income tax liabilities	639	1,159	-520	726	-87
Other liabilities	10,429	10,869	-440	17,704	-7,275
	<b>77,113</b>	<b>70,954</b>	<b>+6,159</b>	<b>74,998</b>	<b>+2,115</b>
<b>Total equity and liabilities</b>	<b>267,909</b>	<b>278,615</b>	<b>-10,706</b>	<b>290,490</b>	<b>-22,581</b>

# Cash Flow Statement R. STAHL Q3 2017

€ 000	Q3 2017	Q3 2016	Change	9M 2017	9M 2016	Change
<b>I. Operating activities</b>						
Net profit	-1,543	384	-1,927	-7,611	2,966	-10,577
Depreciation, amortization and impairments of non-current assets	3,063	3,161	-98	9,225	9,374	-149
Changes in long-term provisions	15	7	+8	-91	18	-109
Changes in deferred taxes	-349	-381	+32	-3,007	-390	-2,617
Equity valuation	-205	0	-205	-311	0	-311
Other income and expenses without cash flow impact	119	-206	+325	897	-664	+1,561
Result from the disposal of non-current assets	2	-10	+12	24	-76	+100
<b>Cash flow</b>	<b>1,102</b>	<b>2,955</b>	<b>-1,853</b>	<b>-874</b>	<b>11,228</b>	<b>-12,102</b>
Changes in inventories, trade receivables and other non-capex or non-financial assets	4,440	95	+4,345	8,447	-9,715	+18,162
Changes in short-term provisions, trade payables and other non-capex or non-financial liabilities	6,192	765	+5,427	9,159	3,636	+5,523
<b>Changes in working capital</b>	<b>10,632</b>	<b>860</b>	<b>+9,772</b>	<b>17,606</b>	<b>-6,079</b>	<b>+23,685</b>
<b>Cash flow from operating activities</b>	<b>11,734</b>	<b>3,815</b>	<b>+7,919</b>	<b>16,732</b>	<b>5,149</b>	<b>+11,583</b>
<b>II. Investing activities</b>						
Cash outflow for capex of non-current assets	-2,442	-2,207	-235	-7,526	-9,538	+2,012
Cash inflow from disposals of non-currents assets	18	-4	+22	80	1,626	-1,546
Increase (-)/decrease (+) of current financial assets	0	206	-206	0	206	-206
Payments for the purchase of associated companies	-67	0	-67	-1,275	0	-1,275
Payments for the purchase of consolidated companies less acquired cash	0	0	0	0	0	0
<b>Cash flow from investing activities</b>	<b>-2,491</b>	<b>-2,005</b>	<b>-486</b>	<b>-8,721</b>	<b>-7,706</b>	<b>-1,015</b>
<b>Free cash flow</b>	<b>9,243</b>	<b>1,810</b>	<b>+7,433</b>	<b>8,011</b>	<b>-2,557</b>	<b>+10,568</b>

## Key Figures R. STAHL 9M 2017 and FY 2016 – FY 2012

€ 000	9M 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Sales	198,235	286,609	312,920	308,532	304,383	290,887
thereof Germany	44,393	61,340	64,370	66,760	64,966	60,914
thereof Central region*	90,628	131,910	124,380	132,573	138,957	132,103
thereof Americas	21,410	35,812	49,110	52,751	50,603	45,532
thereof Asia	41,804	57,547	75,060	56,448	49,857	52,338
Order intake	222,382	282,868	317,279	335,224	304,145	297,078
thereof Germany	54,885	61,487	68,710	65,679	66,645	60,397
thereof Central region*	96,189	126,790	129,431	140,340	141,295	135,708
thereof Americas	27,026	34,346	42,465	57,616	47,864	50,447
thereof Asia	44,282	60,245	76,673	71,589	48,341	50,526
Order backlog	102,121	80,674	95,153	90,486	65,997	70,653
EBITDA	756	22,157	17,396	31,114	36,921	36,728
in % of sales	0.4	7.7	5.6	10.1	12.1	12.6
EBIT	-8,469	8,776	3,908	18,300	24,895	24,943
in % of sales	n/a	3.1	1.2	5.9	8.2	8.6
EBIT pre**	-5,222	n.a.	n.a.	n.a.	n.a.	n.a.
in % of sales	n/a	n.a.	n.a.	n.a.	n.a.	n.a.
EBT	-9,909	5,799	717	14,709	21,311	21,129
Net profit	-7,611	4,223	-66	9,840	15,418	14,277
EPS (€)	-1.18	0.64	-0.02	1.67	2.59	2.43
Employees (at end of period, without apprentices)	1,763	1,788	1,894	1,942	1,853	1,658

\* Central region: Africa and Europe without Germany  
\*\* EBIT pre: EBIT pre exceptionals (non-scheduled depreciation, impairment reversals, proceeds from the sale of non-current assets, restructuring charges, costs from portfolio activities)

# Issuer, Contact and Additional Information

Issuer and Contact	Additional Information	Financial Calendar
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THE STRONGEST LINK.



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